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CENTRAL INTELLIGENCE AGENCY

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7 October 1949

INTELLIGENCE MEMORANDUM NO. 231

Executive Registry

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SUBJECT: Consequences of Communist Control of French Indochina

1. Assuming the status quo as to the French and Resistance military positions, no change in the military and political stalemate in Indochina is expected within the immediate future. In about six months, however, it is expected that the Chinese Communists, having assumed control of South China, will increase the flow of arms to the Indochinese Resistance, either openly or by smuggling. The balance of military power will then begin to shift in favor of the Resistance. Again assuming the status quo, it is believed that between one and two years thereafter, the French will be forced out of Indochina.

2. As matters stand, military operations in Indochina are draining the French economy and weakening France as a partner in the Atlantic Pact. Furthermore, the US as a partner of France in other things, is to its disadvantage identified in the minds of other Asiatic nations with continuing French efforts to maintain Indochina as a colony. If, in addition, however, and as a result of French withdrawal, a Communist government emerged in Indochina at a time of Communist triumph in China, then Burma, Thailand, and Malaya would undoubtedly turn to Communism and the USSR. The related vulnerability of Indonesia under such circumstances is obvious.

3. Continuing in the above assumption — that only six months remain during which the critical condition of Indochina may be remedied — there would appear to be three courses of action open to the US should it choose to act:

(1) Provide the French with all military assistance needed to regain full control of the situation;

(2) Give no assistance, but persuade the French to grant Bao Dai's government complete independence;

(3) Allow Bao Dai's government complete independence within the French Union, giving it a position similar to that of India in the British Commonwealth of Nations and support it with US military assistance.

Note: This memorandum has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force. CIA is, however, in the process of preparing a paper on this subject which will be fully coordinated with the IAC agencies.

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The first course would mean extremely adverse reactions within all Asiatic anti-"colonial" countries and would leave the US completely vulnerable to Communist propaganda. While the second promises a bare chance of success because it would fulfill nationalist aspirations, it would probably result in eventual domination of Bao Dai's regime by the present Resistance Government. The last course is probably the most plausible of the three, but even it can be looked on as no more than a calculated risk with only a moderate chance of success. So long as (a) the US would guarantee military aid to France in support of Bao Dai; (b) the US could enlist the support of Asian nations in its pressure on France; and (c) conversely the UK, which the French now distrusts in matters of colonial policy, would abstain from exerting pressure, there would be no serious repercussions in France unfavorable to US interests if Course 3 were adopted. It remains true, however, that the Bao Dai regime cannot be relied on under any circumstances to gain true popular support. Unless it is identified in Indochinese eyes as the instrument through which long-sought independence can be obtained, the Resistance in Indochina cannot be divided and dissipated. Furthermore, Bao Dai is untrustworthy, and there is no assurance whatever that he would not compromise with the Resistance on the basis of opportunism or a previous agreement.

Four other alternatives might be proposed, but they could not lead to a solution. A gradual French liberalization of its Indochinese policy i.e., a slow, progressive relinquishment of sovereign powers to Bao Dai—would contribute little toward the solution of the problem because its effect would not be felt until long after the six-months' period mentioned above. Necessarily long drawn-out conciliation, mediation, or arbitration by the UN or a selected group of nations would fail for the same reason. The assumption that a more liberal French government may suddenly decide to withdraw completely from Indochina and wash its hands of the problem is unrealistic. Negotiations with Communist leaders of the Resistance involve risks which are too great to be seriously considered.

ENCLOSURE A

FRENCH INTENTIONS AND OBJECTIVES IN INDOCHINA

Since the end of World War II the French have been attempting unsuccessfully to reimpose control over Indochina in the face of a determined Communist-dominated, nationalist resistance led by the Moscow-trained Ho Chi Minh. So far, the French have been able to do no more than occupy the main cities, maintain precariously, certain vital lines of communication, and extract promises of cooperation from the two backward, hinterland areas of Laos and Cambodia.

The Resistance controls roughly 90 percent of the area of Vietnam. The proportion of the people who loyally support it is unknown. Willingly or not, however, at least 80 percent profess adherence. Its military strength is constantly growing and will not be retarded by present French forces. Furthermore, there is no other leader or group sufficiently strong to exert significant influence in the area.

Failing in their military efforts, the French have sponsored the creation of an alternative indigenous "government" headed by the ex-Emperor Bao Dai. On 8 March 1949 the French President and Bao Dai signed a complicated series of articles designed as the basis for the establishment of an Associated State of Vietnam within the French Union. Although these articles (which have yet to be ratified by France) grant few elements of national sovereignty, considerable concessions were promised as the outcome of supplementary negotiations to be completed before the end of 1949. While these negotiations have begun, they have proceeded at a painful pace, and it is evident that the granting to Bao Dai of essential elements of sovereignty is not presently planned by the French.

The major underlying motives and justifications of the French in refusing the demands (from both the resistance and Bao Dai) to deliver full sovereignty are, in order of importance: (1) a desire to perpetuate French prestige and the French Union; (2) a wish to protect local French interests; (3) a moral obligation to assist in containing Communism in Asia; and (4) a belief that the Vietnamese are not yet ready to govern themselves. It is believed, however, that France will shortly ratify the limited concessions contained in the 8 March Agreements.

The French, however, will continue to insist that any extension of sovereignty be within the framework of the French Union. Furthermore, the French will resent pressure from the UK because of the present French distrust of the UK's policy vis-a-vis the US to the exclusion of continental and especially French interests.